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DEVELOPMENT OF AFRICA, INCLUDING THE IMPLEMENTATION OF THE UNITED NATIONS, NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990s

Report of the Secretary-General

SUMMARY

According to the schedule for follow-up, monitoring and evaluation of the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF), adopted by the General Assembly in its resolution 46/151 of 18 December 1991 and contained in annex II thereto, the Economic and Social Council would devote part of its high-level segment to the consideration of the implementation of the New Agenda. At the 5th plenary meeting of its organizational session for 1995, held in February 1995, the Council decided that the theme for the high-level segment would be "Development of Africa including the implementation of the United Nations New Agenda for the Development of Africa in the 1990s".

The present report analyses some critical issues facing Africa in the implementation of the New Agenda and suggests some measures for consideration that could contribute to enabling African countries and the international community to tackle these issues and put Africa on the path of sustainable development. The discussion in the Economic and Social Council should assist not only in the continuing process of implementing UN-NADAF but also in the mid-term review that will be undertaken by the General Assembly in 1996.

The report is divided into two parts. Part one deals with a selective list of policy issues for consideration by the Economic and Social Council while part two provides not only an assessment of the implementation of UN-NADAF but also more detailed background information on the issued covered in part one.

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PART ONE: SOME PRIORITY ISSUES FOR THE DEVELOPMENT OF AFRICA FOR CONSIDERATION AT THE HIGH-LEVEL SEGMENT OF THE ECONOMIC AND SOCIAL COUNCIL

I. BACKGROUND

1. In response to the decline in economic performance that several African countries have been experiencing since the 1970s, Africa and the international community launched various initiatives aimed at Africa's economic recovery and development. Within Africa, the major regional strategies were the Lagos Plan of Action for the Implementation of the Monrovia Strategy for the Economic Development of Africa, 1980-2000 1/ (LPA, 1980); Africa's Priority Programme for Economic Recovery, 1986-1990 2/ (APPER, 1985); the African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation 3/ (AAF-SAP, 1989); and the Abuja Treaty Establishing the African Economic Community 4/ (PAEC, 1991). At the level of the international community, the major strategic framework of action in the 1980s was the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 5/ (UNPAAERD, 1986) which incorporated the objectives of APPER.

2. Most of the above initiatives were only partly implemented. The main reasons included a shortage of resources, both domestic and external, the lack of an appropriate macroeconomic framework in several countries and, in some cases, various crises - political and/or natural - that interrupted economic activity. The situation in the mid-1990s remains critical and, more than ever, calls for continued engagement by both the African countries and their development partners.

3. The General Assembly, at its forty-sixth session in 1991, adopted the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF). The New Agenda kindled the hope that the end of the cold war would bring ample opportunities for international cooperation to promote Africa's development, especially at a time when many countries in the continent had embarked upon democratization and were vigorously pursuing economic reforms. The relevance of the New Agenda to Africa's development has since been reaffirmed in global and sectoral meetings including the Tokyo International Conference on African Development held in October 1993 and the recently concluded World Summit for Social Development, held in Copenhagen.

4. Four years after the adoption of the New Agenda, and one year before its mid-term review, the results are mixed. The social and economic situation, on the whole, continues to be unsatisfactory. However, the overall lacklustre performance conceals satisfactory achievements by a large number of countries under reform agendas that have led to significant economic and political liberalization. It is encouraging to note that as a result, eight African countries achieved or exceeded the 6 per cent annual gross domestic product (GDP) growth target set under the New Agenda. Several, while falling below the target, have achieved consistent positive growth over the past few years.

5. The majority of African countries are committed to macroeconomic and sectoral reforms. African decision makers are increasingly aware of the

fundamental importance of human resource development and capacity-building, and the need to integrate population and environment issues into their development strategy. Despite the proliferation of conflicts, the majority of countries have made progress in consolidating democracy and maintaining an environment for peace accompanied by a significant reduction in military spending.

6. These positive developments are encouraging. Nevertheless, the starting-point for any discussion must be the premise that UN-NADAF has not yet been translated into performance. There are shortfalls in the national effort in some countries because of deficiencies in human, institutional and financial capacities to implement development programmes and projects. Likewise, elements of the external environment, including the debt burden, declining commodity prices and increased competition for concessional resources, continue to negatively affect Africa's economic recovery. At the level of the United Nations system, the System-wide Plan of Action for African Economic Recovery and Development has yet to be fully translated into operational collaborative programmes and projects.

7. Recognizing the need for a concerted effort to maximize the support provided by the United Nations system to Africa's development, the Secretary-General has stressed in the Administrative Committee on Coordination (ACC) the need to develop further joint practical initiatives with clear targets. ACC has established a high-level steering committee co-chaired by the Executive Secretary of ECA and the Administrator of the United Nations Development Programme (UNDP) to present a set of concrete proposals for ACC's approval at its next session in October 1995. The areas that have been identified for this purpose include availability and management of water; sustainable food security; human development and capacity-building; and follow-up to the World Summit for Social Development, with particular emphasis on poverty alleviation. The steering group has entrusted to small ad hoc groups of concerned ACC members the task of developing specific proposals in each of these areas. The steering group itself concentrates on the consideration of ways and means of enhancing political and financial support.

II. ISSUES FOR CONSIDERATION

8. The development of Africa as noted above is under discussion in a variety of forums within and outside the United Nations system. As noted above, the Secretary-General, through ACC, has launched an initiative to coordinate efforts under a set of themes for action. The discussion in the Economic and Social Council can complement and reinforce these efforts by focusing attention on selected areas where a major change or shift of emphasis is needed, particularly at the international level. In order to assist in the discussion some specific suggestions are given below, grouped under five broad headings: trade, finance and external debt, preventive development, capacity-building and South-South cooperation. They by no means constitute a comprehensive statement of a development strategy and their success will require many other complementary elements, particularly a commitment to political and economic reform in Africa and an enhanced flow of resources from the international community to support domestic efforts in Africa.

A. Trade and finance

9. Reforms now under way in many African countries, which aim to boost fiscal revenues by increasing the efficiency of tax administrations while simultaneously strengthening controls on public disbursement, should lead to increased public savings. A shift in the distribution of public spending towards developmental expenditures, particularly for items like health, education and poverty alleviation, would also be needed. At the same time, reforms will be required on the part of African countries to boost private savings which today lag significantly behind those in other regions of the world. The share of total saving in GDP was 18 per cent for Africa in 1990-1994 compared with 31 per cent for Asia. Governments urgently need to tackle this through the introduction of appropriate macroeconomic policies and strategies including financial sector reforms. Nevertheless the development effort of African countries will need to be supported by a substantial inflow of external resources, in the form both of new resources and of debt relief.

10. While development assistance remains critical, the main focus of development cooperation in the mid-1990s is economic and trade relations. The prospects for development in Africa depend in many ways on the capacity of African countries to benefit fully from the prospects for trade expansion generated by the Uruguay Round of multilateral trade negotiations and to attract a greater volume of the growing flow of private investment to developing countries. Some suggestions relating to these two issues are given below.

1. External assistance and debt

11. Overseas development assistance to Africa has been on a downward trend during the 1990s. Given the magnitude of requirements, this trend needs to be reversed. External assistance, directed at priority areas, can help in the creation of conditions of lasting security and stability in Africa, support the process of capacity-building and political reforms, and assist in a more meaningful process of regional integration.

12. Africa's external debt continues to be a major impediment to the achievement of accelerated growth and development. Despite relief measures affecting both official and private debt, the estimated burden of debt at the end of 1994 was still equivalent to 255 per cent of exports and 83 per cent of gross national product (GNP), figures that were significantly higher than in other regions. In recognizing this burden, the Paris Club in December 1994 introduced the G-7 Naples relief measures allowing for up to 67 per cent stock reduction under certain conditions. Analysis shows that even under the most optimistic scenarios of the current initiatives, 24 African countries will have debt levels that are considered to be unsustainable. This implies a need for new debt initiatives along the lines suggested by some of Africa's partners. Proposed new approaches include:

(a) An improvement in the Naples terms by raising the ceiling, by extending the relief to cover all types of Paris Club non-concessional debt, by softening the eligibility criteria, and by examining approaches to relieve the non-Paris Club debt burden;

(b) Removal of all remaining concessional (official development assistance (ODA)) debt (for example, through conversions);

(c) Reduction of all remaining private short- and long-term debt through the expansion of buy-back mechanisms;

(d) Introduction of innovative mechanisms to reduce the increasing multilateral debt burden perhaps building on the proposal of the Chancellor of the United Kingdom of Great Britain and Northern Ireland regarding the sale of International Monetary Fund (IMF) gold.

13. Consideration could be given by the Economic and Social Council to ways of promoting a multipronged debt reduction strategy and new initiatives with regard to the external debt of African countries, including proposals for consideration by bilateral, multilateral or private creditors.

2. The Uruguay Round of multilateral trade negotiations Agreements: enhancing Africa's competitiveness

14. The Uruguay Round Agreements provide African countries with an opportunity to consolidate and expand favourable conditions of access to the markets of developed countries. However, in the short to medium term, African countries are likely to face reduced export earnings and higher import prices.

15. If the long-term gains arising from trade liberalization are to be realized, it will be necessary for African countries to liberalize their trade and production structures. In order to cope with the immediate consequences of the Uruguay Round and to benefit fully from the gains arising from trade liberalization, African countries will have to transform their production and trade structures to face the challenge from an increasingly competitive global market environment. The priority areas include improving agricultural productivity; technological capacity-building to improve quality and supply capabilities; strengthening regional and subregional markets; improving investment conditions; and diversification to higher value-added production through processing.

16. The assistance of the international community will be required to support African countries in offsetting these adverse consequences. Specifically, the United Nations Conference on Trade and Development (UNCTAD) and other organizations have suggested measures that would include:

(a) Deferring the removal of the trade preferences that African countries were enjoying;

(b) Implementing in advance, and without staging, agreed most-favoured-nation (MFN) tariff reductions on products of export interest to African countries that do not enjoy preferential treatment;

(c) Providing financial support to assist African countries in dealing with balance-of-payments pressures and transitional strains consequent on policy reforms;

(d) Assisting African countries in their efforts to achieve diversification and ultimately to enhance their competitiveness in world trade and, to that end, making an adequate special contribution to finance the preparatory phase of commodity diversification projects and programmes as called for in General Assembly resolution 49/142.

17. The Economic and Social Council's deliberations in this regard should serve to further the consideration of these and other measures in the relevant forums.

3. Enhancing foreign direct investment (FDI) flows to Africa

18. The recent surge in gross portfolio and foreign direct investment (FDI) flows to developing countries as a whole has, by and large, bypassed Africa. While for the most part African countries have put in place the required legislation to attract foreign direct investment, FDI flows to Africa have been small and have concentrated around few countries, particularly oil-exporting and mineral-rich ones. Given the growing importance of private investment in the flow of resources and technology to developing countries, specific measures to attract such investments to Africa are urgently needed.

19. The flow of private investment is strongly influenced by perceptions about political stability and the prospects for economic growth. The positive developments that have taken place in recent years in several African countries need to be protected. In addition, African countries should consider further measures to improve the investment climate, including further liberalization of FDI legislation, simplification of administrative procedures for foreign investors, conclusion of bilateral investment protection and promotion treaties and accession to various multilateral treaties facilitating FDI flows.

20. The flow of investments also depends on the opportunities available for this purpose. Production for exports, infrastructure development and public enterprise reforms and privatization have been important sources of such opportunities in recent years. The potential for these varies from country to country and appropriate promotional packages need to be developed involving measures like export-processing zones, "build-operate-transfer" (BOT) schemes for infrastructure, debt-for-equity swaps, liberalization of rules on portfolio investment, schemes to reattract "flight capital", and so forth.

21. The international community should assist by helping to project the potential for development and by providing technical expertise to develop local capacity for investment promotion, strengthening the Multilateral Investment Guarantee Agency (MIGA) and supporting institution-building and training relating to foreign investment matters. More substantial assistance could be given by incentives guarantees and financial support that reduce risks as perceived by private investors.

22. The Economic and Social Council's deliberations should serve to give further impetus to these efforts.

B. Poverty eradication and human development

23. A commitment to the eradication of absolute poverty is one of the major outcomes of the World Summit for Social Development, which also recognized the need to pay particular attention to Africa. Given the high incidence of poverty in most African countries and projections that suggest a further worsening of the situation, concerted effort is required to translate this commitment into purposive action at the country level.

24. The Secretary-General's initiative on Africa referred to earlier includes the above as one of its areas of attention. The other thematic areas - water, food security and human development - are also clearly linked to this objective. It is expected that this initiative will lead to a more concerted and coordinated effort by the United Nations system in the provision of basic sccial services and in the promotion of sustainable livelihood.

25. UN-NADAF also gave special focus to increased productive employment and human development, particularly the areas of life expectancy, integration of women into development, child and maternal mortality, nutrition, health, water and sanitation, basic education and shelter.

26. The commitment to poverty eradication and human development must be reflected in timebound national strategies which, as agreed in the World Summit for Social Development, should be formulated by the end of 1996. The commitment of the international community to supporting these national strategies must be demonstrated tangibly through the provision of adequate assistance.

C. Crisis prevention and management

27. Certain development activities are aimed at crisis management and prevention by strengthening national, regional and international capacities to reduce and/or mitigate the impact of disasters and after-emergencies in "crisis situations".

28. Food security is an essential pivot for crisis management and prevention. A combination of strategies for food security include the establishment of early-warning systems. At the national level, the basis for food security has to be provided by policies to promote sustainable food and agricultural production (see annex), 6/ by intensifying the cultivation of both food crops and cash crops, by establishing land rights/ownership and land reform, by investing in rural infrastructure, and by increased access to credit and markets; but in addition to production strategies, the capacity for emergency response needs to be enhanced by strengthened facilities for monitoring weather, food production and supplies, improved logistics and increased stocks of basic foods, particularly grain, at community levels.

29. In many cases a regional or subregional response is required. For example, the countries that straddle the borders of the moist savannahs which occupy about 31 per cent of sub-Saharan Africa could collaborate to develop this area, which receives a regular rainfall, good solar radiation and has relatively good soils, for food production. The possibility of a regional emergency fund to

finance the purchase of grain as well as other emergency supplies could be investigated. Such a regional fund may be a way of enhancing food security that is lower in cost than a purely national response. The Economic Commission for Africa (ECA), in collaboration with the countries concerned and bilateral and regional donors, could be asked to examine specific possibilities.

30. At the international level there is need for support to national efforts for crisis management and prevention by:

(a) Supporting the development of storage, transport and communication facilities so as to promote trade between food surplus and food deficit countries and support regional food strategies;

(b) Providing additional food aid to create additional incomes for households through food-for-work projects, such as construction of roads, new schools and land improvement;

(c) Assisting in the establishment of early-warning systems or their expansion where they exist and facilitating technical assistance from organizations such as the Southern African Development Community (SADC) and the Permanent Inter-State Committee for Drought Control in the Sahel (CILSS) to other national and regional systems;

(d) Taking steps for the mobilization of resources for the implementation of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (A/49/84/Add.2, annex, appendix II), especially for training and technology and anti-desertification programmes;

(e) Supporting the installation and strengthening of a network of meteorological and hydrologic observation stations in support of agriculture and water management;

(f) Supporting the Peace Fund that was set up in November 1993 by the Organization of African Unity (OAU) within its already established Mechanism for Conflict Prevention, Management and Resolution. This mechanism can have a direct positive impact on development at the subregional and national levels.

31. Post-conflict situations raise certain special issues. International assistance is needed to support post-conflict activities such as de-mining of agricultural lands and transportation routes in order to quickly re-establish income-earning activities as well as quick-impact micro-projects that provide training and other capacity-building activities that would facilitate the reintegration of ex-combatants, refugees and displaced persons within their communities. In the medium to long term, the international community needs to provide assistance for the repair of the legal and institutional framework to promote the post-conflict stability necessary for the return of domestic and international investment.

32. These development activities require close coordination between national and international organizations involved in development and those involved in

emergency management and/or post-conflict reconciliation. The Economic and Social Council may wish to consider how this objective can best be advanced.

D. Capacity-building

33. Capacity-building is an essential component and a means for attaining sustainable development. African countries need capacity: state-of-the-art technology, a strong human resource base and properly functioning institutions in both the public and private sectors, as well as in civil society as a whole.

34. Capacity-building consists not just in providing people with skills and know-how; it also entails providing the environment in which people can exercise their capacities; empowerment of the beneficiaries of the technical cooperation; and effective management and capacity utilization.

35. In the pursuit of national policies and strategies, attention needs to be given by African Governments to:

(a) Focusing special efforts on institution-building and public administration, in particular by developing a merit-based civil service with appropriate checks and balances, improved conditions of service, increased access to education and training for civil servants, and police;

(b) Promoting and strengthening civic education for all citizens, in particular youth, in order to raise understanding of their rights and responsibilities;

(c) Providing an enabling framework for effective participation of non-governmental organizations in development;

(d) Enhancing their access to information technology.

36. As stated earlier, capacity-building is one of the major themes of the Secretary-General's initiative on Africa within the context of ACC. The international community should assist the overall efforts of African countries by providing the requisite expertise and resources to enable them to implement their national policies.

37. The Economic and Social Council's consideration of the subject could serve to give further impetus to these efforts.

E. South-South cooperation

38. The experiences of developing countries in other regions are of relevance to African development and suggest that South-South cooperation has great potential. Cooperation within the region itself is especially important. The scope of South-South cooperation covers areas such as transfer of technology and know-how, the provision of advisory services, training, joint ventures, trade and investment, agricultural and fishery development, education and research, and poverty reduction.

39. To benefit fully from cooperation, African countries should intensify consultations with other developing countries, particularly from within the region, and establish the necessary governmental institution setting to coordinate and strengthen South-South exchanges, and to build on achievements already realized through technical cooperation among developing countries (TCDC). Two other initiatives are notable. First, the highly successful Tokyo International Conference on African Development in October 1993 and the series of follow-up meetings, most recently in Bandung, Indonesia, in December 1994, have brought together countries of Asia and Africa. Second, steps are being taken to bring together African and Latin American countries in an African-Latin American institute. Two constructive meetings have already been held - in Montevideo and Windhoek - in this regard.

40. Advanced developing countries, from within the region and including the newly industrialized countries, should pay special attention to African needs for South-South cooperation. They should undertake initiatives for consultations, business tours in Africa, trade fairs, exchange of information, and the establishment of a network for exchange of experiences. Given the diversity of development levels within Africa, the potential for intraregional cooperation and assistance also needs to be tapped.

41. The United Nations system should intensify its South-South cooperation activities with African countries. To that effect, funding organizations and international financial institutions should allocate more resources to these activities, placing themselves as a third party within triangular arrangements. Specific programmes for this purpose in the United Nations Development Programme (UNDP), UNCTAD and the Department for Development Support and Management Services of the United Nations Secretariat should be strengthened. ECA and the other regional commissions should cooperate in developing joint programmes for this purpose.

42. Donor countries and the private sector should enhance their support for South-South cooperation with Africa by providing the necessary resources, information, know-how and technology transfer through their support for multilateral initiatives, as well as bilaterally or through triangular arrangements.

III. CONCLUDING REMARKS

43. In 1991, African countries and the international community adopted a political framework with clear objectives for Africa's development. Today, Africa is still going through a twin transition, political and economic, guided by the principles of self-reliance and self-sustaining development. Consistent with these principles, and beyond humanitarian assistance, Africa needs significant and sustained support from the international community for the development of its immense natural and human resources. A firm determination is required by all parties to consolidate the gains made to date under the New Agenda and to renew political commitments for its successful implementation.

44. A change in the perception of Africa's development potential is necessary. Africa's need for external assistance goes well beyond the region's emergency

needs. Investing for the future in the development of skills and infrastructure is most critical. This implies an enhanced social base and a significant increase in per capita incomes, thus setting the basis for an effective partnership in trade and expansion of the global economy.

PART TWO: THE CURRENT STAGE OF IMPLEMENTATION OF THE UNITED NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990s (UN-NADAF)

I. INTRODUCTION

45. The New Agenda reflects mutually reinforcing responsibilities and commitments by African countries and their development partners with regard to implementing concrete actions needed to bring Africa from crisis to recovery and to lay the basis for sustainable development. Its assessment should focus on the extent to which its objectives have been translated into concrete actions by all parties concerned.

46. This assessment draws on many studies and evaluations including those done by ECA, UNDP, the United Nations Children's Fund (UNICEF), UNCTAD, the Food and Agriculture Organization of the United Nations (FAO) and the World Bank.

II. OVERVIEW OF EFFORTS BY AFRICAN COUNTRIES

47. Although the overall social and economic situation of Africa is unsatisfactory, this is not because the countries of the region have not battled, individually and collectively, to find their way out of the crisis confronting them. Many African countries are implementing economic and social reforms, improving governance and economic management, creating an enabling environment for the mobilization of investment resources, domestic and external, and integrating population factors into the development processes so as to contain the stress of rapid population growth and prevent the degradation of the environment.

48. The continuing conflicts in some countries should not obscure the gains that a number of African countries have made with respect to increased freedom of expression and association, a clear relaxation of restrictions on political activities and increased respect for human rights.

49. In a recent survey conducted by the Organisation for Economic Cooperation and Development (OECD) Development Centre, Africa's military spending was found to have decreased. Contrary to the common perception, the share of sub-Saharan Africa in world military spending amounted to only 1.5 per cent over the past 20 years.

50. A large number of countries have initiated structural reforms, accompanied by a change in the nature of State intervention in the economy, and by shrinking budget deficits. It is encouraging to note that in 1994, eight African countries achieved or exceeded the 6 per cent annual GDP growth target set under the New Agenda. GDP grew steadily in some countries, particularly those that had created an enabling environment to stimulate private sector development, with significant gains in the agricultural and industrial sectors. In spite of the unfavourable external environment, some countries, especially in the northern, eastern and southern Africa subregions, succeeded in reversing the

trend of de-industrialization or in rehabilitating their industrial infrastructures.

51. In the area of human development and capacity-building, several African countries have taken initiatives to reverse the trend in the deterioration of their national education and training systems and, to some extent, the rehabilitation of social infrastructures. As budgetary constraints did not permit most Governments to increase public expenditures in the social sector, many countries relied on non-governmental organizations to supply social facilities in the rural areas, and pushed for the expansion of the role of the private sector in education and training. In some of the African least developed countries, where rates of illiteracy remain the highest in the world, Governments have initiated the implementation of ambitious literacy campaigns, especially in the rural areas.

52. African decision makers have become increasingly aware of the importance of population issues in bringing sustainability to the development process. In 1992, at the Third African Population Conference held in Dakar, African Governments adopted the Dakar/Ngor Declaration on Population, Family and Sustainable Development (E/CONF.84/PC/13, annex II), which advocated, inter alia, the integration of population policies and programmes into development strategies, focusing on strengthening social sectors with a view to influencing human development and working towards reducing the national population growth rate from 3.0 per cent to, on average, 2.5 per cent by the year 2000 and 2.0 per cent by year 2010. To date, at least 38 African countries have adopted or are formulating an official national population policy; 30 countries have incorporated population factors into their "full" development plans or structural adjustment "rolling" plans. In about 10 African countries, observers already foresee the beginning of "demographic transition".

53. Several countries experienced significant advances in female literacy and education. The adoption of the African Framework of Action by the Fourth Meeting of the African Intergovernmental Preparatory Committee for the World Conference on Women is an important step towards realizing the potential contribution of women in African development.

III. MAJOR INITIATIVES AT THE INTERNATIONAL LEVEL, INCLUDING BY THE UNITED NATIONS

54. The New Agenda calls on the international community to search for lasting solutions to critical issues that impede Africa's economic recovery, such as external debt, commodity prices and financial resources, in terms of volume and efficiency. The international community is also expected to support the efforts made by African countries in building domestic capacities, diversifying their economies, and forging regional cooperation and integration. The New Agenda calls upon the United Nations system to play a major role in implementation, and asks the various organizations of the system to devise specific programmes for Africa consistent with the elements of the New Agenda and to devote adequate resources for their implementation. The New Agenda entrusts the Secretary-General with the overall leadership, global coordination and mobilization of the international community for the purpose of its implementation.

55. In this connection, a number of initiatives were taken by the Secretary-General. At the institutional level, these included the establishment of the Office of the Special Coordinator for Africa and the Least Developed Countries within the Department for Policy Coordination and Sustainable Development of the United Nations Secretariat which responds to the need to have at the centre of the policy-making processes, a catalyst and visible focal point devoted to Africa; the Africa Recovery Unit within the Department of Public Information of the United Nations Secretariat tasked with effecting global awareness of the African socio-economic situation; and the United Nations Inter-Agency Task Force on African Economic Recovery and Development (UN-IATF), chaired and serviced by ECA, which facilitates consultations and cooperation among United Nations system organizations and the specialized agencies and provides the necessary support for follow-up and monitoring of the implementation of the New Agenda.

56. At the end of 1992, the Secretary-General established the Panel of High-level Personalities on African Development to advise and assist him on African development, particularly on the implementation of UN-NADAF. The conclusions and recommendations reached by the Panel in its first four meetings are contained in a publication to be made available to Member States at the substantive session of 1995 of the Economic and Social Council and at the fiftieth session of the General Assembly.

57. Concern at the lack of progress in improving the lives of the majority of Africans and the need to focus higher-level attention on Africa led the Secretary-General to propose a Special Initiative for Africa within the United Nations system. A steering committee of ACC has been formed to consider more concrete and practical projects that can have an impact on development in Africa in the short-to-medium term. It will present its proposals to ACC in October 1995.

58. The Secretary-General has repeatedly drawn attention to the importance of relieving the debt burden, particularly of low-income African countries.

59. The United Nations system plays a catalytic role in international initiatives to tackle key issues such as human resources development, food security, basic human health, the formulation of population and development policies, infrastructure and production development. In its efforts to mobilize the support of the international community for UN-NADAF, the United Nations worked closely with the Government of Japan and the Global Coalition for Africa (GCA) for the organization and the convening, in October 1993, of the Tokyo International Conference on African Development.

60. The United Nations system has continued to promote international commitments and their fulfilment so as to meet specific African needs, not only under UN-NADAF, but also under the Second Transport and Communications Decade in Africa (1991-2000) (UNTACDA II); the Second Industrial Development Decade for Africa (1991-2000) (IDDA II); Agenda 21, 7/ adopted by the United Nations Conference on Environment and Development; the International Conference on Population and Development; and more recent commitments in the Copenhagen Declaration on Social Development 8/ and Programme of Action of the World Summit for Social Development. 9/ Besides these longer-term programmes of action, the

United Nations system has played and continues to play a vital role in peace-keeping operations and in emergency situations in Africa.

61. In responding to a recommendation of the Committee for Programme and Coordination (CPC), a System-wide Plan of Action for African Economic Recovery and Development was elaborated in 1992, with a view to further harmonizing and coordinating the contribution of various organizations and the specialized agencies, and to optimizing the use of resources. Not only does the Plan reflect the objectives of the New Agenda, but it also integrates Africa's own regional strategies and other major global action programmes, including the Abuja Treaty Establishing the African Economic Community. The Plan was built on six priority areas: human resources development and capacity-building; the development of food, agriculture and agro-industries; the diversification of African economies; the promotion of growth, equity and sustainable development; the mobilization of external and domestic resources; and the strengthening of regional cooperation and integration. A major innovation in the revised version of the Plan, completed in 1994, was the inclusion of the concept of lead, associate lead and collaborative agencies for each of the priority areas.

62. In order to promote human development, the United Nations system has pursued programmes and projects aimed at basic education, development of skills, employment promotion. primary health care, the reduction, through immunization, of diseases, increased provision of family planning information services and the control of human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS). It has also devised programmes for the improvement of management, modernization of public administration and increased efficiency of financial intermediation institutions. To achieve a balance among population, production, environment and social welfare, the specialized agencies, in collaborative efforts led by the United Nations Population Fund (UNFPA), augmented their efforts in sensitizing decision makers and households regarding the interrelationships among these important development factors.

63. The United Nations system carried out a number of activities aimed at tackling the African crisis in its environmental dimension. In this respect, the system has been instrumental in the mobilization of resources for African national and regional environment protection programmes. Besides its contribution to the establishment of the Global Environment Facility which has provided financial resources to tackle environment problems, especially in the area of biodiversity, the system successfully conducted the negotiations for the United Nations Convention to Combat Desertification.

64. The development of the private sector has been a major area of focus of the work of the United Nations system within the framework of the New Agenda. Several organizations devised programmes aimed at building an appropriate business environment, including the strengthening of entrepreneurial capacities and the development of support infrastructures for industries, transports and communications. The United Nations system has also emphasized trade promotion and diversification within the context of private sector development. The system has undertaken activities geared to trade expansion and investment promotion.

65. The United Nations system took particular interest in the participation of non-governmental organizations in African development, organizing workshops and enhancing cooperation with them. Following a recommendation of the Secretary-General's Panel of High-Level Personalities which devoted its second meeting in 1993 to the consideration of cooperation with non-governmental organizations for African development, a high-level brainstorming workshop including representatives of the non-governmental organization community, Governments and the United Nations system was held in early 1995 on a number of issues relative to the contribution of non-governmental organizations. The brainstorming workshop recommended, inter alia, the convening of an international conference on non-governmental organizations and African development as a follow-up to the International Conference on Popular Participation held in Arusha, United Republic of Tanzania, in 1990.

66. The United Nations system has played a significant role in strengthening regional cooperation and integration in Africa. In particular, besides direct technical and financial assistance given to a number of regional and subregional institutions, the system provided valuable assistance to OAU in the preparation of protocols to the Abuja Treaty Establishing the African Economic Community.

67. The United Nations, the Governments of Japan and Indonesia, and the Global Coalition for Africa co-organized in 1994 the Asia-Africa Forum with a view to facilitating the exchange of experiences in various areas between African countries and the more advanced developing countries from East and South-East Asia. The Forum culminated in the adoption of the Bandung Framework for Asia-Africa Cooperation: Working Together towards the Twenty-first Century (TCDC/9/3/Add.1, annex, appendix).

68. Within the framework of the New Agenda, the United Nations established, in its medium-term plan for the period 1992-1997, programme 45, 10/ in support of the implementation of UN-NADAF. The Office of the Special Coordinator for Africa and the Least Developed Countries, ECA and the Africa Recovery Unit were assigned the responsibilities for, respectively, resource mobilization, follow-up and monitoring, and creation of global awareness.

69. It should be recalled that the adoption of the New Agenda was accompanied by the operationalization by the international donor community of the Special Programme for Africa, led by the World Bank, to support adjustment and reform, and the establishment of the Global Coalition for Africa in 1991 to conduct policy dialogue between Africa and its partners. The regional dimension of development, which is a major element in the New Agenda, has also been supported by a core of donors who view economic integration in Africa as an element of sustainability in the longer term. In support of the process initiated by African countries, several initiatives aiming at strengthening integration institutions have been taken by some of Africa's partners, especially in the Sahel, and eastern and southern Africa.

70. The international community has also considered the need for diversifying African economies, in terms both of lessening African countries' losses owing to falling commodity prices and of supporting their diversification projects and programmes. In this regard, the General Assembly, in its resolution 49/142, recommended the improvement of the existing compensatory mechanisms, the

expansion of the opportunities offered by the Common Fund for Commodities and the establishment of a special contribution to finance the preparatory phase of commodity diversification projects and programmes.

71. Africa's stock of external debt remains disquieting. Some encouraging initiatives have been proposed to reduce that burden. A number of bilateral creditor countries have responded positively to the call for debt relief, especially for highly indebted least developed African countries. The initiative, taken in 1992 by Canada, Denmark, England, France, Germany, the Netherlands and Sweden, to cancel as much as $15.1 billion of ODA debt owed by least developed countries, equivalent to 14 per cent of total concessional bilateral debt, benefited mostly the low-income African countries. The United States of America announced its willingness to write off up to half of the debt owed to it by the poorest, International Development Association (IDA)-eligible African countries. Equally important is the recent forgiveness by France, in January 1994, of an important share of the stock of the public debt of the 14 countries of the Communauté financière africaine (CFA) franc zone, within the context of the CFA franc devaluation. While there has been no significant rescheduling of multilateral debt owed to the international financial institutions, the Debt-reduction Facility is a positive step in this direction. One of the most striking features of the recent debt relief initiatives is that many restructuring strategies have offered a conversion clause, giving ample room to debt-for-development swaps.

72. While UN-NADAF has acknowledged the necessity of further strengthening regional cooperation and integration, the process needs to be sustained by the implementation of regional strategies. The main rationale for the implementation of the Abuja Treaty Establishing the African Economic Community was that major prerequisites, including social stability, sustained economic development and social progress, could not be achieved by individual countries in isolation. Major obstacles to regional cooperation and integration are the paucity or lack of financial resources to support the process.

IV. MAJOR AREAS NEEDING ATTENTION

73. Africa is faced with a range of complex, interrelated issues and challenges that have made its development a formidable challenge. The problems of Africa are further compounded by the present international economic and political backdrop. The previous sections have listed some of the steps that have been taken. The sections that follow list some of the most serious obstacles to the implementation of UN-NADAF.

A. The external environment

74. While the international economic environment confronting African countries is largely adverse, the capacities of different regions and countries within Africa to respond vary greatly and are closely linked to levels of development and a mix of historical, political and geographical factors. The most serious external constraints on African development relate to its crushing debt burden, the decline in concessional assistance, the new situation after the Uruguay

Round Agreements, minimal FDI flows to Africa and the fact that the full potential of South-South cooperation has not been realized.

1. Development assistance

75. The magnitude of external financial resource requirements for Africa's development have been estimated by the World Bank, the African Development Bank and ECA to be about $60 billion per year.

76. Aggregate net resource flows (loan disbursement - loan amortization + official grants + foreign direct investment) to Africa have declined in the 1990s. The flow dropped in current prices from $22.9 billion in 1990 to $21.7 billion in 1993.

77. Official development finance, which consists of bilateral and multilateral loans and grants, is a major component of the flows. These flows declined from $21.5 billion in 1990 to $19.7 billion in 1993. Foreign direct investment flows to Africa have increased only slightly, although the share in the developing countries total has declined.

78. As the majority of African countries are still dependent on concessional aid for the implementation of their development programmes, the quality of such aid has been a major determinant of its overall impact. In this regard, it is widely acknowledged that the bulk of ODA to Africa is still directed towards donor-driven programmes, and implemented in a fragmented manner without a focus on common agreed targets and without taking into consideration the priority of the recipient country. Also, the high overhead costs of technical assistance, estimated at 25 per cent of total concessional aid, support the argument that such aid could have contributed more effectively to the development of capacities in Africa.

2. Debt

79. In value terms, Africa's total debt stock was projected to increase from $297 billion in 1993 to $313 billion in 1994. This amount represents 234.4 per cent export income for Africa and 254.5 per cent for sub-Saharan Africa. These ratios are high compared with the World Bank's indicator of debt sustainability, which is the net present value of debt-to-export income ratio of 200 per cent, depending on the level of external flows and the availability of concessional finance. Of total debt stock in 1994, 40.6 per cent was bilateral debt; 21 per cent multilateral debt; and 19.5 per cent private debt.

80. Some progress has recently been made on official bilateral debt. The new Naples terms agreed to by the Paris Club in December 1994 are an improvement over the Toronto terms, the Enhanced Toronto terms and the Trinidad terms, as the percentage of debt forgiveness can be increased from 50 to 67 per cent for those countries whose per capita income is less than $500, with a debt-to-export ratio that exceeds 350 per cent, and which are in compliance with IMF and Paris Club agreements. However, as a programme of debt relief, their usefulness remains limited unless it is applied to a sizeable part of outstanding debt and

debt stock reduction extended to a larger number of countries. Progress on bilateral debt also has to be complemented by action by other official creditors, measures to alleviate multilateral debt burden and support for commercial debt reduction.

81. Several options have been proposed for the reduction of multilateral debt, including (a) a special drawings rights (SDRs) emission to reduce multilateral debt stocks; (b) the conversion of a portion of multilateral debt stock to equity investments, including debt-for-environment and debt-for-human resource development swaps; (c) the expansion of concessional resources for multilateral development banks; (d) the establishment of special funds, with the assistance of bilateral donors, to assist multilateral debt relief; and (e) the increase in Enhanced Structural Adjustment Facility (ESAF) and IDA funds under concessional terms.

82. The options for the reduction of commercial debt have been limited so far for low-income countries. The World Bank Debt-reduction Facility for IDA members is one option that has been utilized so far by five African countries (by September 1994) to reduce their principal. The Facility has been used to buy back commercial debt at sharp discounts ranging from 10 to 18 cents per dollar. The Facility should be enhanced and expertise provided to other countries that would like to utilize its resources and there should be additional multilateral and bilateral support for commercial debt reduction, including debt-for-development swaps.

3. Trade

83. On the export front, African economies continued to be characterized by low diversification and heavy reliance on a few commodities. Africa's share of world markets has declined steadily since 1980 and it now accounts for 2.4 per cent of world merchandise trade. As a result, the region has become marginalized in the global economy. The fragile production structures of African countries and the instability of commodity markets did not allow for an increase in exports which totalled only $89.6 billion in 1994. With their prices increasing more than their volume, imports amounted to $97.8 billion in 1994, thereby worsening the current amount deficit, which had reached $10.5 billion, as against $7.8 billion in 1993 and $6.2 billion in 1992. About one third of Africa's export earnings is used for debt servicing, crippling the ability of African countries to finance the imports of much-needed food for achieving food security, machinery and other goods for attaining sustained growth.

84. Although the diversity of African countries suggests that the Uruguay Round Agreements will have an uneven impact at the country level, most assessments generally concur that African countries, in particular the African least developed countries, will, on balance, face difficulties in adapting to new market access conditions. It is estimated that the continent could lose up to $2.6 billion per annum during the initial years of implementation of the Agreements. By contrast, global trade is estimated to be approximately $500 billion higher per annum. In the short-to-medium term, the Uruguay Round

Agreements will have a significant impact on market access and on import costs for net food importing countries.

85. Under the Generalized System of Preferences (GSP) and the Lomé Convention, most African countries enjoyed duty-free access or faced tariff rates between zero and 5 per cent in their major export markets. Under the Uruguay Round Agreements, they subscribed to trade liberalization with the result that they may face further reduction of most favoured nation (MFN) tariffs for the products that benefited from preferential access, resulting in an inevitable loss of margin of preference and a possible loss of competitiveness.

86. It has become evident from the analysis of the new market access conditions resulting from the Uruguay Round that erosion of preferences has actually taken place and is most significant in the case of tropical products followed by natural resource-based products. On a trade-weighted basis, the average overall loss for these two product sectors is 50 per cent and 60 per cent in GSP margin respectively in the three major markets of the European Union, Japan and the United States. In the case of African, Caribbean and Pacific (ACP) States margins, the loss is somewhat less - 30 per cent and 16 per cent reflecting a comparatively lower overall average percentage cut in MFN tariffs by the European Union in the products of interest to African countries in these sectors. The overall averages, however, mask significant differences in individual products in which the erosion of preferential margins could be as high as 100 per cent, for example, coffee and cocoa beans in the case of ACP margins under the preferential access provided for in the Lomé Convention.

87. The relatively greater concern on the part of African countries for the losses incurred in respect of preferential tariff margins is explained by their high dependence on exports of tropical and agricultural products, which account for a significant share of their export trade. The share of seven categories (which formed the basis of the negotiations on market access liberalization in this sector) of tropical products in total merchandise exports ranges from 50 per cent to 100 per cent for the majority of these countries. Erosion of preferential margins, which offer them a competitive edge in the market, has a greater impact on their overall export earnings owing to their narrow export base, thus limiting their gains in improved access in other categories of products.

88. The impact of the reform programme envisaged in the Agreement on Agriculture would seem to be of much greater concern to African countries as the great majority of them are both net food importing and least developed. A reduction or elimination of agricultural support and protection in the industrialized countries could have a dynamic impact on the development of agricultural production in African countries, and could provide the latter with an opportunity to expand their foreign exchange earnings from their agricultural exports in the longer run.

89. In the short-to-medium term, because of reduced production in developed countries and lags in expanding agricultural production in developing countries, world food prices can be expected to rise. For the vast majority of African least developed countries that are net food importers, this would represent a severe strain. While the reduction of agricultural protection and support

measures in the developed countries implies opportunities for expansion in food production in importing countries, the long-term gains from exploiting such benefits are likely to be overshadowed by short-term nutritional and balance-of-payments implications of rising world food prices. In recognition of the special circumstances of the net food importing countries, the Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations 11/ stressed the important role of food aid in grant form, in addition to other measures including financial assistance in the transitional costs incurred through their efforts. The critical question is how to translate these commitments into concrete measures of assistance.

90. Other parts of the agreements reached in the Uruguay Round like the General Agreement on Trade in Services (GATS) and the Agreement on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods (TRIPs) will also require adjustments in policy reforms.

4. Foreign direct investment

91. Compared with the other continents, FDI flows to Africa have been minimal. In addition, FDI flows have not been sensitive to the balance-of-payments needs of African countries. With the ongoing political and economic reform measures taking place in about 37 countries, there is a possibility for attracting flows from other continents. In this respect, support from the international community is required to galvanize new flows to this largely untapped continent.

92. FDI flows to Africa have remained largely unchanged in absolute terms and have even decreased as a proportion of the developing countries' total FDI. They fell from 10 per cent in 1987-1991 to about 5 per cent in 1992-1994. With an estimated FDI stock of $48 billion in 1993, Africa is the developing region that has received least attention. This can be explained by both exogenous and endogenous factors. The former include the poor outlook for prices of African commodity exports and increased competition from other regions; the latter consist of uncertainty regarding commitment to adjustment programmes, high levels of external debt, lack of an enabling environment, instability and insecurity and other conditions that limit short-term growth prospects.

93. Over three quarters of the investment flows were directed towards oil-exporting countries, although the share of non-oil-producing countries has increased in recent years. Despite the presence of rich natural resources, the continent's slow economic growth, which remains well below the average for all developing countries, offsets even this considerable advantage. Hence, despite continued efforts to liberalize the regulatory framework for FDI and the introduction of a centralized investment centre in several countries, Africa has not succeeded in attracting sizeable investment flows.

94. FDI in natural resources continues to be important for many countries in sub-Saharan Africa. There is considerable potential for investment in oil exploration in sub-Saharan Africa. To exploit that potential, several countries are offering more favourable contract terms to oil companies than in the past. Foreign investors view investments in petroleum exploration and development as part of their strategy of global expansion in the face of the growing demand for

petroleum and oil products in Africa and other countries. Some countries have also encouraged FDI in the services sector with positive results.

95. The 53 African countries reveal a complex diversity of economic performance and of factors determining FDI flows. Disparities exist in terms of market size and growth, natural resource endowments, entrepreneurial and institutional capabilities, social and economic infrastructure, political stability and economic policies. This heterogeneity inevitably leads to differences in FDI performance and potential. There is a large unexploited investment potential in many countries. Foreign investors should not treat Africa as a whole as an inhospitable location for FDI and ignore potential opportunities.

96. An interregional comparison of profitability of FDI in Africa by United States foreign affiliates demonstrates that investment in Africa can be highly profitable. In 1992, net income as a share of owner's equity in Africa was 24 per cent, while that of United States affiliates in Latin America and the Caribbean was 11 per cent. The figure is also higher than that in most developed country regions (11 per cent for all developed countries). Most of the profits of these affiliates have been generated in the primary sector.

5. South-South cooperation

97. Although African countries already benefit from a wide range of South-South cooperation activities including the transfer of technology and know-how, the provision of advisory services, training, joint ventures, trade and investments, most of them are ill prepared for such cooperation. Moreover, in African countries, such important partners as the private sector whose role is vital for sustainable development have not yet been actively involved in South-South cooperation. Some major donor countries, such as Japan, have called for increased emphasis on South-South cooperation, its inclusion as a central element in the proposed agenda for development and the convening of a United Nations conference on South-South cooperation (General Assembly resolution 49/96).

98. Substantive areas for promoting the exchange of experiences and expertise among African and Asian countries were identified at the Asia-Africa Forum held in Bandung in December 1994. Activities developed in these areas could have a catalytic effect and help put South-South cooperation on a more secure path for the future. South-South cooperation should be developed on the basis of a strategy that places emphasis on strengthening the capacity of African countries to manage their development process. In this respect, African countries need specific structures, not just focal points, that would enable them to provide leadership for, and effectively catalyse, South-South activities.

99. The private sector and the non-governmental organizations should be called upon, alongside Governments, to initiate and sustain South-South cooperation, especially in the area of investment flows. Indeed the private sector in the South could significantly assist African countries in know-how and technology transfer.

100. Within the United Nations system, several organizational entities are devoted to South-South Cooperation. UNDP is involved, both independently and in conjunction with other international institutions, in carrving out a varied programme of activities to promote and support technical cooperation among African countries (TCAC) and technical cooperation among developing countries (TCDC). This support, catalytic or supplementary, has concentrated on the mobilization of skilled manpower. It aims at making available competitive and cost-effective expertise to private and public sector enterprises and institutions. The Special Unit for TCDC of UNDP has extensive experience in the field of technical cooperation in Africa with activities such as capacities and needs matching (CNM), subject-specific workshops focusing on interactive exchange and consultations designed for sharing experiences and know-how, and development of an information referral system (INRES), a data bank on developing countries' institutional capacities accessible to all potential users. This support has generated additional resources and replication of know-how and technology; indeed, capacities and needs matchings have not only stimulated follow-up investment but also served to strengthen negotiations and project formulation skills of the participating countries.

101. For its part, ECA has been assisting African subregional groupings (the Economic Community of West African States (ECOWAS), the Economic Community of Central African States (ECCAS), the Southern African Development Community (SADC), the Preferential Trade Area for Eastern and Southern African States (PTA), and so forth) in their efforts towards achieving harmonization and trade liberalization among themselves, supplemented by sectoral programmes in agriculture, infrastructure, transport, communications and monetary harmonization. It has also been implementing subregional systems of self-financing aimed at reducing the dependence of integration processes on external financing.

102. Other institutions including the UNCTAD Division for Economic Cooperation among Developing Countries (ECDC) and FAO have provided technical assistance and advisory services to a large number of African integration and cooperation groupings such as ECOWAS and PTA on a whole range of South-South issues relating to trade and food issues. UNCTAD has also been instrumental in organizing business missions, meetings and seminars for African enterprises with a view to promoting cooperation among them and between such enterprises and African Governments. These initiatives have contributed to a continuous expansion of South-South trade, particularly in the last few years.

103. Non-governmental organizations and PVOs (private voluntary organizations) have become effective instruments of development through a wide range of activities, including the provision of technical assistance and training, the preparation of special studies and reports, the organization of workshops, conferences and seminars on development technologies, key development issues and needs, field-oriented operations research, and information exchange and dissemination. They could make a substantial contribution to South-South cooperation with African countries through networking and triangular arrangements involving other non-governmental organizations, non-governmental organization associations, PVOs, universities, development agencies and recipient Governments.

B. Internal factors

104. A variety of internal factors underlie the actual performance of African economies. There are large variations among countries in the region, both in potential and in performance. The constraints posed by two more specific factors, common to many but not all countries, are described below.

1. The persistence of crisis

105. Drought has been a continued threat in Africa since the late 1960s. In fact, the general consensus is that a long-term climatic change has taken place, affecting particularly the Sahelian region, the Horn of Africa and southern Africa. However, droughts do not necessarily result in famine. Famine reflects underlying structural causes, including deforestation and soil degradation, water table depletion, lack of land-use policies, and poor communication and transport facilities, exacerbated by demographic, institutional and political failures and chronic poverty. These structural deficiencies compromise the ability of countries to cope with natural disasters and, at the same time, make them vulnerable to disasters. In fact, UNDP notes that while the number of disasters was higher in the Americas between 1967 and 1991 (22 per cent in the Americas compared with 15 per cent in Africa), 60 per cent of the deaths were in Africa.

106. In the recent past, political conflict and civil wars have also led to a dramatic increase in the incidence of famine and massive movements of refugees. Currently, there are approximately 16 million refugees and internally displaced persons. These conflicts have, at their base, the perception of inequity in the distribution of resources among different groups.

107. The catalyst for the new focus on crisis management and prevention is the recognition that the upsurge in the number of crises facing Africa is displacing attention from development activities. These crises have resulted in what has been described as "permanent emergencies", and have left the international community with an image of Africa as being in perpetual crisis. The diversion of scarce resources, the destruction of productive assets and other dislocations associated with these emergencies can make future development efforts more difficult. Given the existing high level of absolute poverty in Africa, which it has been estimated will reach 50 per cent of the population in the year 2000, any reduction in development activities could only result in the further impoverishment of the majority of people and exacerbate the breakdown of political and social order. This has fuelled concern about the need for strengthening capacity for crisis prevention and management, in the interest not only of saving lives, but also of maximizing efficiency in the utilization of aid funds for emergencies as well as development.

108. Emergencies and peace-keeping operations are absorbing a significant proportion of resources that could otherwise be used for development. For example, the United States spent $1.6 billion on Somalia between December 1992 and November 1994, an amount equal to two years of development of sub-Saharan Africa. Other traditional donor nations have also increased such expenditures manifold. Within the United Nations system, emergency relief budgets and peace-

keeping budgets have increased dramatically. For example, the United Nations has spent roughly $5.7 billion on peace-keeping activities in Africa since 1991. Even at the national level, domestic expenditures on these crises are high. Southern African countries spent a significant portion of their GDP for drought relief efforts in 1991-1992.

109. Food security is defined by FAO as "ensuring that all people at all times have both physical and economic access to the basic food they need". In Africa, the outlook for food security is pessimistic. Although both agricultural production and food production have increased over the past two decades, neither has kept pace with population growth. As a result, per capita food production is declining and 32 countries are identified as having low or critically low household food security as measured by FAO's Aggregate Household Food Security Index (AHFSI). FAO anticipates that chronic undernutrition and hunger will affect 300 million (or 32 per cent of the population) in 2010, as compared with approximately 180 million currently.

110. The General Assembly, in its resolution 46/182 of 19 December 1991, noted the importance of early warning in preparedness programmes for both natural and man-made disasters and called for the systematic pooling, analysis and dissemination of early-warning information (annex, para. 19). Early-warning information allows the international community time for early response, that is, for developing preventive actions or making contingency plans to manage potential crises rather than react after the crisis has occurred.

111. The purpose of early-warning systems, within the context of food security, is to develop operational food information systems that would incorporate crop forecasting, market information and household food security assessment, so as to provide advance notice of potential famines or problems of food supply. Such systems already exist at a subregional level, for example, through CILSS, SADC and the Intergovernmental Authority on Drought and Development, and feed into a hierarchy of information systems such as FAO's Global Information and Early Warning System.

112. The Humanitarian Early Warning System (HEWS), developed in the Department of Humanitarian Affairs of the United Nations Secretariat monitors critical indicators, covering socio-economic data and other fundamental data, as well as trends and events in order to facilitate vulnerability assessment and identify potential crises.

2. Institutional capacity

113. Within the context of political organization and public administration, UN-NADAF recognized and gave prominence to the intensification of the democratization process, full participation of the people in the development process, the commitment to human rights, gender equality, attention to the needs of children, and the role of African non-governmental organizations. These are some elements in the creation of an effective system of governance through institutional capacity-building.

114. The importance of governance through a participatory, transparent and accountable administration is underscored in the Copenhagen Declaration on Social Development adopted in March 1995. Member States declare that they are convinced that democracy and transparent and accountable governance and administration in all sectors of society are indispensable foundations for the realization of social and people-centred sustainable development (para. 4). African countries have committed themselves to political and economic reforms as reflected in the United Nations New Agenda for the Development of Africa in the 1990s adopted in 1991, the Tokyo Declaration adopted in October 1993 at the Tokyo International Conference on African Development, and the Cairo Agenda for Action of the Council of Ministers of OAU in March 1995. They recognize that democratization, respect for human rights, rule of law, transparency and accountability are essential in creating an enabling environment for development.

115. UNDP has undertaken work on elaborating a framework for "capacity assessment" and six studies have been done using this framework. It has been found that countries do not have the same problems and therefore a range of options is necessary to improve governance.

116. A useful framework for self-assessment has also been devised by the Global Coalition for Africa and is being tested in the field. The framework identifies the major categories of governance within the context of economic development such as predictability and rule of law, openness and information, accountability and transparency. These categories are further specified to include constitutional provisions and human rights predictability; rule of law; accountability and transparency; administrative and bureaucratic consistency; political openness and tolerance; participation and communication; and a favourable environment for private sector activity. The framework's categories and components can be evaluated by means of a check-list established for each component so as to gauge progress towards improved governance. Evaluations are then performed and recommendations for improvements are formulated in consultation with community organizations.

117. Public sector reform has been furthered through structural adjustment programmes that require the restructuring of the public enterprises (including new systems of accounting, quality control, marketing, price and productivity incentives), retrenchment, cost containment, and salary enhancement. In practice, salary enhancement has been underemphasized and greater stress placed on retrenchment with the result that the number of public employees have declined with no evidence of improved performance in most countries.

118. The interrelationships of institutional, infrastructural, and human resources in capacity-building are well illustrated in the case of the development of science and technology. They rest upon a knowledge base that must be assembled through research conducted by organizations and professionals and imparted through programmes of education and training.

119. The 1979 Vienna Programme of Action on Science and Technology for Development 12/ proposed strengthening of the endogenous capacity of developing countries in science and technology development; restructuring of international scientific and technological relations; and strengthening of the role of the

United Nations system, including provision of additional resources to support developing countries. The 1989 end-of-decade review found that the gap had widened significantly and a later evaluation of United Nations support for science and technology in Africa found that few of the projects described as "institution-building" assigned importance to design or actual implementation; moreover, they made little or no adjustment to the sociocultural milieu, and ignored available science and technology capabilities or level of development in the country or region concerned.

120. Capacity-building, in its widest sense, will remain the basis of sustained growth. The differences in the institutional capacities in the different countries in Africa accounts, in some measure, for the disparate development experiences of countries in Africa. A much greater focus is required on the institutional capacity-building dimension for the development of countries in Africa.

Notes

1/ See A/S-11/14, annex I.

2/ A/40/666, annex I, declaration AHG/Decl.1 (XXI), annex.

3/ A/44/315, annex.

4/ A/46/651, annex.

5/ General Assembly resolution S-13/2, annex.

6/ World Economic and Social Survey, 1995 (E/1995/50), box VII.2, entitled "It is time for a green revolution in Africa", analyses and makes policy recommendations on food production in Africa. It attributes the decline in food production to a lack of seeds suitable to African conditions, weak local research capacity and a poorly developed support system to encourage adoption. Additional research specifically designed for application to African conditions is urgently needed and new funds for such research could be raised from the revenue potential of the property rights of germplasm collections that were recently placed under the auspices of the Food and Agriculture Organization of the United Nations (FAO) (see annex).

7/ Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992, vol. I, Resolutions Adopted by the Conference (United Nations publication, Sales No. E.93.I.8 and corrigendum), resolution 1, annex II.

8/ Report of the World Summit for Social Development, Copenhagen, 6-12 March 1995 (A/CONF.166/9), chap. I, resolution 1, annex I.

9/ Ibid., annex II.

10/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 6 (A/47/6/Rev.1), vol. I.

11/ Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh on 15 April 1994, vol. I.

12/ Report of the United Nations Conference on Science and Technology for Development, Vienna, 20-31 August 1971 (United Nations publication, Sales No. E.79.I.21 and corrigenda), chap. VII.

Annex*

IT IS TIME FOR A GREEN REVOLUTION IN AFRICA

1. Food production per person in Africa has been declining since the early 1970s. While Asia and Latin America have seen large gains in the production of rice and wheat since the mid-1960s as a result of the increased use of new high-yield varieties, Africa has hardly benefited from the Green Revolution. "This can be largely attributed to a lack of seeds suitable to African conditions, weak local research capacity and a poorly developed support system to encourage adoption. Additional research specifically designed for application to African conditions is urgently needed and new funds for such research could be raised from the revenue potential of the property rights of germplasm collections that were recently placed under the auspices of the Food and Agriculture Organization of the United Nations (FAO)".

Lack of suitable improved seeds

2. The green revolution in Asia was made possible by the development of high-yielding varieties of wheat and rice that responded very well to fertilizers and controlled water management. These varieties are, however, not very suitable for conditions in Africa, namely, its climate (for example, variability of rain), soil and plant diseases. While about 5 per cent of total arable land is currently irrigated in Africa - compared with one third in Asia - the potential for further irrigation is limited for technical and economic reasons. a/ Since the early 1960s, the share of rice and wheat in total food production has remained at only about 6 per cent - again, compared with one third in Asia. b/

3. Even where irrigation has been available, the new varieties could not be easily transferred from Asia to Africa without significant yield loss. Agricultural technology is highly location-specific and needs a local research and development capacity for a transfer to be successful. The public and private research capacity in Africa has been rather weak, lacking a critical mass, and biased towards export crops. c/ This also explains in part why there has not been a technological breakthrough in the development of other crops more apt for African conditions, neither for rain-fed coarse-grain cultivation in semi-arid zones, nor for the traditional roots and tubers typical of subsistence agriculture in the more humid regions of Africa. Maize in eastern Africa, particularly in Kenya and Zimbabwe, is the only food crop for which new hybrid seeds have been adopted by farmers to any considerable degree. There has also been some progress recently in the development of high-yielding cassava, but it has yet to be widely adopted by farmers. d/

4. The experience with maize in Kenya and Zimbabwe shows that the development of local research capacity yields results. The development and adoption of maize hybrids benefited from the commercialized farming sector, which pressured

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* World Economic and Social Survey, 1995 (E/1995/50), box VII.2.

for the development of a local research capacity. The farming sector also benefited from an extensive transportation network, well-developed extension and credit systems and a local seed industry. Indeed, Zimbabwe was the second country, after the United States, to develop maize hybrids.

Where new technology is available, adoption is often slow

5. Spreading advanced techniques to the farming community in sub-Saharan Africa entails reaching the low-income farmers, particularly smallholders. About 60 per cent of the rural population lives in poverty and when subsistence in the short-term is at stake, farmers are risk-averse. In such a situation, the adoption of a new technology will be slow unless it is clearly recognizable as superior to, that is as cheaper than, the traditional one, and has a lower yield-variance and a lower risk of failure. However, hybrid varieties need complementary inputs: not only do they have a higher yield but they might also have a higher variance of yield and a higher susceptibility to pests and be more prone to drought. e/ Smallholders also often operate under seasonable labour constraints that hinder the adoption of new techniques requiring additional work during the busy season.

6. Most important, the slow rate of adoption of new seed varieties by smallholders is due to the lack of reliable seed- and fertilizer-delivery systems, infrastructure, extension services and other inputs, as well as inadequate credit. The provision of these items is often biased against smallholders. For instance, it has been observed that in Malawi, smallholders have a preference for flint maize over high-yielding hybrids owing to their poverty, and lack of credit, seeds, extension services and fertilizer, as well as to their taste preferences plus the processing and storability characteristics of the traditional varieties. f/

Need for research on suitable technology

7. In the light of Africa's food situation, research should focus on the development of drought-resistant, low-risk and low-cost seed varieties for rain-fed agriculture that do not need many external inputs. In this regard, the potential of biotechnology - involving genetic manipulation - is momentous. Biotechnology enables the adaptation of seeds to fit the environment instead of adapting the environment to the needs of the new seeds, as was the case with the green revolution in the 1960s and 1970s when the development of irrigation systems and use of chemicals accompanied the adoption of new seeds. With biotechnology, seeds can be developed that better resist drought and disease and are less dependent on fertilizer. So far, however, progress has been rather slow even for the crops that research has concentrated on, let alone for African foods crops.

8. The question is how research can be reoriented towards the typical African food crops and crops suitable for African conditions. There are basically three sites of research: major corporations, and domestic and international research centres. Most African food crops, such as sorghum, millet, cassava, yams and pulses, are neither consumed, nor grown in developed countries, and only a small fraction are exported. Commercial interest at the international level in

research and development of the typical African food crops is therefore small. In effect, the public sector has to play a catalysing role.

9. Domestic research capacity in Africa is itself too weak to generate a new green revolution. This capacity needs to be strengthened, not only for the purpose of participating in some of the new research, but because it will remain essential to adapt new technologies to local conditions and to help close large gaps between the yields on farms and those on experiment stations. g/

10. It thus seems that the basic research thrust has to fall to the network of international agricultural research centres (IARCs). The green revolution of the 1960s and 1970s was almost completely a product of international public research, in particular at the International Rice Research Institute (IRRI) and the Centro Internacional de Mejoramiento de Maíz y Trigo (CIMMYT) (International Centre for Maize and Wheat Improvement). In recent years, however, funding has declined for the central network of international agricultural research centres that were brought together under the Consultative Group on International Agricultural Research (CGIAR) in 1971. h/ Funds for the core programme of CGIAR fell from $275 million in 1990 to $215 million in 1994. In real terms the funds for 1994 were equal to the amount available in 1979, while six additional IARCs have been brought under the CGIAR umbrella since then. Moreover, there is a growing gap between the donor-approved research agenda and the disbursement of funds. i/

11. The decline in international public funding for agricultural research is part of an overall shifting of research expenditure to the private sector. This trend is most extreme for biotechnology where research is concentrated in large corporations of the developed countries that can mobilize the required resources. j/ Only about 10 developing countries - none in Africa - have any capacity to undertake biotechnological research.

12. Even within the private sector, research activity has become increasingly concentrated, in part as a result of the extremely high cost of design and development of a new biotechnological product. This has prompted corporate mergers, take-overs, joint ventures and the proliferation of public-private linkages. Thus, public institutions and universities have focused more on basic research that is partly financed by private firms receiving the patent rights, developing and marketing the product, and collecting royalties.

Property rights

13. The trend towards the privatization of agricultural research has been driven in part by the strengthening of the protection of intellectual property rights under patents and plant breeder's rights, which have increasingly included living materials; k/ but there also exists a danger. Private research entails secrecy and inhibits free dissemination of knowledge, in contrast to the openness and widespread distribution of the results of the green revolution in the 1960s. On the other hand, the wider protection of intellectual property rights might encourage the spreading of new products by the patient holder through exports at prices that include royalties.

14. While the property rights in research outputs have been increasingly protected, rights of the providers of the natural inputs to the research have not been recognized under any current property-rights system. Much of the raw material used for agricultural research, the world's germplasm, has been freely available in the developing countries or through the genebanks of the IARCs. There are even cases in which patents have been applied for or granted to private companies that added little research to what had been undertaken by IARCs or learned by farmers over the years. In such cases, it is possible that farmers might end up paying royalties for use of products whose development was largely based on their own resources and knowledge. l/

15. To counterbalance this asymmetry, the concept of farmers' rights has been developed and endorsed by more than 160 countries in FAO Conference resolutions. The intention is to reward farmers for their efforts in conserving and improving genetic diversity and to allow farmers to benefit from the improved use of plant genetic resources through plant breeding and other scientific methods. m/ For this purpose, an international fund for plant genetic resources will be set up to support plant genetic conservation, management and utilization programmes, particularly in developing countries. According to the resolutions, several areas deserve special priority, including the improvement of plant breeding and seed production. A number of issues regarding this fund, however, need to be resolved. Among them are its resources and how benefits would be transferred to farmers. n/

16. One source of finance for the fund might be revenues from property rights in the germplasm collections of the IARCs. In October 1994 an agreement was signed by the IARCs to place all their genebanks (some 500,000 plant varieties with a large share being unique samples) under the auspices of FAO. Under the agreement, germplasm is to be kept in trust by the IARCs for the benefit of humanity, in particular the people of the developing countries. IARCs agreed not to claim legal ownership nor intellectual property rights. Samples are to be available "without restriction". Material transfer agreements would allow revenues to be collected, while restricting the recipient from seeking patents. These agreements would generally involve, inter alia, an initial payment from the recipient of the germplasm and an agreement on additional payments if the germ plasm is commercialized by the recipient. o/ Perhaps $100 million per year might be mobilized for the fund in this way. p/

Funding a green revolution for Africa

17. These developments - the lack of commercial interest in African food crops, the concentration of research in large corporations and the increasing possibilities for acquiring patents on seeds - raise fears that Africa might never see a green revolution. Earnings from the genebanks might well aid farmers through their being applied to supporting research on seed varieties suitable for African conditions and to helping strengthen research capacity in Africa.

18. However, resources may not be generated by the genebanks for several years and even then may build up only slowly. Research activities warrant increased support today as well as in the future and thus there seems no escaping the appropriateness and desirability of increased international public support for

agricultural research at this time. In the context of donor-country budgets, or even in the context of budgets for ODA, relatively small amounts of funds, which might later be replaced at least in part by earnings from the genebanks, could have very large payoffs in an area that constitutes an important human priority.

Notes

a/ About 75 per cent of all modern and large-scale irrigation in Africa is in Egypt and the Sudan, while about 80 per cent of traditional and small-scale irrigation in Africa is in Madagascar, Nigeria and North Africa. The potential for further irrigation development in northern Africa is small. There is, however, a limited but important and yet largely untapped potential for small-scale irrigation schemes (FAO, African Agriculture: The Next 25 Years (Rome, FAO, 1986), annex IV, pp. 59-61).

b/ Rice cultivation is largely limited to Egypt and Madagascar and to some western African countries where it is much less important. Wheat is largely restricted to northern Africa and South Africa.

c/ Michael Lipton, "The place of agricultural research in the development of sub-Saharan Africa", World Development, vol. 16, No. 10 (October 1988), pp. 1,231-1,257.

d/ David Wigg, The Quiet Revolutionaries: A Look at the Campaign by Agricultural Scientists to Fight Hunger (... and How the Much-neglected Cassava Could Help) (Washington, D.C., World Bank, 1993).

e/ Uma Lele, "Sources of growth in east African agriculture", The World Bank Economic Review, vol. 3, No. 1 (January 1989), p. 136; and Uma Lele, "Structural adjustment, agricultural development and the poor: some lessons from the Malawian experience", World Development, vol. 18, No. 9 (September 1990), p. 1,215.

f/ Uma Lele, "Structural adjustment, agricultural development and the poor: some lessons from the Malawian experience", World Development, vol. 18, No. 9 (September 1990), pp. 1,207-1,219; and Melinda Smale, Paul W. Heisey and Howard D. Leathers, "Maize of the ancestors and modern varieties: the microeconomics of high-yielding variety adoption in Malawi", Economic Development and Cultural Change, vol. 43, No. 2 (January 1995), pp. 351-368. On the importance of the credit constraint, see also Paul Mosley, "Policy and capital market constraints to the African green revolution: a study of maize and sorghum yields in Kenya, Malawi and Zimbabwe, 1960-1991", Innocenti Occasional Papers, Economic Policy Series, No. 38 (Florence, UNICEF, International Child Development Centre, December 1993).

g/ See Michael Lipton, "The place of agricultural research in the development of sub-Saharan Africa", World Development, vol. 16, No. 10 (October 1988), pp. 1,231-1,257; and Donald L. Plucknett, Science and Agricultural Transformation (Washington, D.C., International Food Policy Research Institute, 1993).

h/ CGIAR is an informal association of donors that currently supports 16 IARCs. The World Bank, UNDP and FAO are co-sponsors of CGIAR and the chairperson of the group is an official of the World Bank. CGIAR is assisted by the Technical Advisory Committee with a secretariat at FAO. Four of the 16 research institutions are in Africa. For history and analysis of CGIAR, see Warren C. Baum, Partners Against Hunger: The Consultative Group on International Agricultural Research (Washington, D.C., World Bank, 1986).

i/ Overseas Development Institute, "The CGIAR: what future for international agricultural research?", ODI Briefing Paper (September 1994).

j/ Research expenditures in biotechnology by the private sector account for about two thirds of the total (about $4 billion in 1985). In 1990, the biotechnology budget of CGIAR was $14.5 million. For the recent changes in agricultural research, see Kerri Wright Platais and Michael P. Collison, "Biotechnology and the developing world", Finance and Development, vol. 29, No. 1 (March 1992), pp. 34-36; "Trade and development aspects and implications of new and emerging technologies: the case of biotechnology", report of the UNCTAD secretariat (TD/B/C.6/154), 11 March 1991, chap. II.A; and Dina L. Umali, "Public and private sector roles in agricultural research: theory and experience", World Bank discussion paper, No. 176 (Washington, D.C., World Bank, 1992).

k/ Patents are covered under the Paris Convention for the Protection of Industrial Property, and plant breeder's rights (or plant-variety rights) are covered under the 1978 Convention of the International Union for the Protection of New Varieties of Plants (the UPOV Convention) which was revised in 1991 (see "Trade and Development aspects and implications of new and emerging technologies: the case of biotechnology", report of the UNCTAD secretariat (TD/B/C.6/154), 11 March 1991, chap. II.A). The agreement on trade-related aspects of intellectual property rights (TRIPs), part of the Uruguay Round agreements, obliges member States to provide protection of plant varieties, although disagreements on certain issues continue, for example, regarding materials that already exist in nature. See UNCTAD, The Outcome of the Uruguay Round: An Initial Assessment - Supporting Papers to the Trade and Development Report, 1994 (United Nations publication, Sales No. E.94.II.D.28), chap. VIII, sect. C.2 (a) and sect. D.3; and FAO, "Analysis of some technical, economic and legal aspects for consideration in stage II", Commission on Plant Genetic Resources, first extraordinary session, Rome 7-11 November 1994 (CPGR-Ex 1/94/5 Supp.), September 1994.

l/ Rural Advancement Foundation International (RAFI), Conserving Indigenous Knowledge: Integrating Two Systems of Innovation (New York, UNDP, 1994); UNCTAD, The Outcome of the Uruguay Round: An Initial Assessment - Supporting Papers to the Trade and Development Report, 1994 (United Nations publication, Sales No. E.94.II.D.28), chap. VIII, sect. D.4; and José Esquinas-Alcázar, "Farmers' rights", Patenting workshop, European Parliament, Brussels, 3-4 March 1994.

m/ This is particularly important because farmers need direct incentives to conserve diverse biological varieties in situ (in their natural habitats) while they also replace traditional crops with modern varieties with higher

yields. Farmers are unable, however, to capture the rents associated with the plant genetic resources they conserve; instead, rents accrue in part to plant breeders and seed companies.

n/ FAO, "Issues for consideration in stage II: access to plant genetic resources, and farmers' rights", Commission on Plant Genetic Resources, first extraordinary session: revision of the international undertaking, Rome, 7-11 November 1994 (CPGR-Ex 1/94/5), September 1994; and José Esquinas-Alcázar, "Farmer's rights", Patenting workshop, European Parliament, Brussels, 3-4 March 1994.

o/ FAO, "The international network of ex situ germplasm collections: updating of the progress report on agreements with the international agricultural research centres", Commission on Plant Genetic Resources, first extraordinary session, Rome, 7-11 November 1994 (CPGR-Ex 1/94/Inf.5/Add.1), November 1994; FAO, "Analysis of some technical, economic and legal aspects for consideration in stage II", Commission on Plant Genetic Resources, first extraordinary session, Rome, 7-11 November 1994 (CPGR-Ex 1/94/5 Supp.), September 1994; and RAFI, Conserving Indigenous Knowledge: Two systems of Innovation.

p/ The total contribution of germplasm held by IARCs to crop production in the developed countries is believed to be on the order of $5 billion per year. A standard royalty of 2 per cent would yield $100 million per year. See RAFI, Conserving Indigenous Knowledge: Two Systems of Innovation.